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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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25 YEAR RE-REVIEW

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COUNTRY Austria
 SUBJECT Cancellation of Occupation Payments

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25X1

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1. Early in 1953, the Soviet government announced its decision to discontinue collection of occupation costs in Austria. This was forced upon the Soviet government by two factors:
 - a. The constantly increasing Austrian and Western criticism of the continued collection of occupation costs eight years after the end of the war.
 - b. The strongly worded requests to this effect by the Austrian Communist Party.
2. Since the time the United States relinquished its right to collect occupation costs in Austria, the Soviet government had found itself exposed to ever-increasing Austrian and Western criticism for continuing to collect. It was expected that Great Britain and France would follow the example of the United States and the Soviet Union would remain the only occupying power in Austria continuing to collect occupation costs. This would have been a blow to Soviet prestige and therefore the decision was made to discontinue collection of occupation costs before this was done by Great Britain and France. The occasion was well utilized for propaganda purposes and the Soviet and Austrian Communist Press did their best to present the Soviet Union as a benefactor of the Austrian people in taking the initiative and giving an example of "democratic spirit" to other occupation powers. The Communist Press, of course, was careful not to mention the fact that the United States was actually the country which had first discontinued the collection of occupation costs, and since it was actually more than a year prior to the Soviet decision, the fact was well forgotten by that time.
3. The Austrian Communist Party, which was rather strong in the country right after the war, was constantly losing influence, mostly because of the Soviet exploitation of the Austrian economy through their holdings and firms such as USIA, Soviet Oil Directorate - SMV,

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25 YEAR RE-REVIEW

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- 2 -

25X1

The Danube Shipping Joint Stock Corporation - DDSG, Soviet and Austrian Oil Trading Firm - OROP, Foreign Insurance Company USSR (IngosStrakh); collection of occupation costs; behavior of Soviet citizens in Austria; and treatment accorded Austrian nationals. Strong pressure was exerted upon the USSR Communist Party leadership to discontinue the policy of ruthless exploitation of the country or to face the collapse of the Communist Party in Austria, which the Soviets certainly would not like to have happen.

4.

Although the Soviets suffered certain financial losses in relinquishing the occupation costs in Austria, these losses were not too hard on the Soviet Union since the Soviet holdings and economic firms in Austria were able to continue their operations from which they collected enormous profits.

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the 1953 profit plan for one of the Soviet holdings in Austria, SMV, called for 230,000,000 rubles. the SMV takes annually 3,000,000 tons of Austrian oil.

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5. This move of the Soviet government should in no way be interpreted as an indication that the Soviet Union was going to bear expenses for the maintenance of its occupation forces in Austria or to exchange rubles into schillings to cover its needs in Austria. There were sufficient sources of schillings available to the USSR in Austria for this purpose. The main sources were:

- a. SMV.
- b. Soviet-Austrian Oil Trading Firm - OROP.
- c. Austrian Communist Party enterprises: InTrak Trading Firm and Am Roten Turm, a coal and oil firm dealing mostly with foreign countries. It is improbable that the Soviets had any holdings in these firms; however it is quite possible that large profits were made by the Soviet government in importing duty-free goods needed by these firms from the USSR and giving them the opportunity of reselling these goods in foreign countries.
- d. Satellite Trade Mission in Austria, acquiring schillings for the USSR in the same way as the Austrian Communist Party enterprises.
- e. USIA. 1.
- f. Danube Shipping Company - DDSG.
- g. Soviet Trade Mission in Austria.

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